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Information for Specially Denatured Spirits Applicants

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Department of the Treasury
Bureau of Alcohol,
Tobacco and Firearms

ATF P 5150.3 (9/85)

T 70.2:

SDS is alcohol or rum which has been treated with denaturants to make it unfit for beverage use. An industrial use permit is needed to procure, use, recover, or deal in specially denatured spirits (SDS). This publication provides applicants with the information necessary to file an application for a permit to procure, use, recover, and/or deal in SDS.

Users and Recoverers of SDS

A user purchases SDS to use in some processes, or in the manufacture of a substance, preparation, or product. SDS has many uses such as: (1) in laboratories as a solvent, for cleansing purposes, in the preparation of indicator solutions and reagents; (2) in the manufacture of such articles as perfumes, proprietary solvents, tobacco flavors, lotions and sprays; and, (3) in conversion processes to produce other substances, such as vinegar or ethyl acetate.

A recoverer reclaims or salvages SDS or articles (substances or preparations containing SDS) during or after the manufacturing process. The recovered SDS may be used again as is or it may be reconditioned.

If you use only small amounts of an SDS formula for laboratory purposes, consider using reagent alcohol instead of SDS. Reagent alcohol is an ethyl alcohol denatured with approximately 5 percent methyl alcohol and further denatured with 5 parts per hundred of isopropyl alcohol. It may be obtained from most laboratory supply houses and can be obtained without any type of a permit.

If you obtain reagent alcohol in containers exceeding 4 liters, a letterhead application must be filed with your regional ATF office.

Users of SDS

To apply for a permit to use SDS, submit:

- ATF Form 5150.22, Application for Industrial Alcohol User Permit
- ATF Form 5150.25, Industrial Alcohol Bond — a bond is not required for withdrawals of less than 5000 gallons annually or if the applicant is a State or political subdivision, or the District of Columbia
- Supporting data listed under OTHER REQUIREMENTS, if applicable

Dealers in SDS

A bonded dealer purchases and stores SDS for resale to users of SDS or other dealers. A dealer conducts no manufacturing or processing operations but may package SDS in appropriate size containers for resale. If you would like a permit to deal in SDS, submit:

- ATF Form 5150.22, Application for Industrial Alcohol User Permit
- ATF Form 5150.25, Industrial Alcohol Bond — required for annual withdrawals over 5000 gallons
- Supporting data listed under OTHER REQUIREMENTS, if applicable

Bottlers and Reprocessors

A bottler and/or reprocessor purchases products containing SDS for the purpose of bottling and packaging or reprocessing them for resale. A bottler merely receives SDS products and bottles them for resale. A reprocessor takes the SDS products and by additional treatment produces a product different from the original product. In some processing operations, recovery of SDS or production of articles may occur. If recovery operations are conducted, you must apply for and obtain a permit to use SDS before commencing operations. Although no permit is required for reprocessing and rebottling, ATF can prohibit any activities which could pose a jeopardy to the revenue or a threat to public safety. In some cases, bottlers and reprocessors are required to submit a description of their activities to the ATF regional office.

Other Requirements

Applicants who wish to obtain MORE THAN 5000 gallons of SDS per year must submit the following:

Sole Owner —

- Name and address of each person with an interest in the business (whether interest appears in his/her name or in the name of another person or business entity for him/her)

Partnership —

- Name and address of each person with an interest in the business (whether interest appears in his/her name or in the name of another person or business entity for him/her)
- Certified true copy of the agreement, or a statement signed by all partners that none exists

Corporation —

- Certified true copy of EITHER the certificate of incorporation OR authorization to operate in the State where the premises are located, if other than the State of incorporation
- Certified list of names and addresses of officers and directors
- Statement designating corporate offices responsible for SDS portion of the business
- Number of shares and par value of each class of stock, and the voting rights of each
- Names and addresses of persons owning 10% or more of each of the classes of stock, legal entity, nature and amount of stockholding or interest of each
- List of titles of offices whose incumbents are responsible for SDS activities and authorized by the articles of incorporation, the bylaws, or by the board of directors to act and sign on behalf of the applicant

Personnel Questionnaire — Unless exempted below, complete ATF Form 5000.9, Personnel Questionnaire — Alcohol and Tobacco Products, for all responsible persons: individual owner; each member of partnership or association; each officer, each director, and the principal stockholders (the persons owning 10% or more in each class of stock) in a corporation; any other person having actual or legal control of the business as it affects the use of SDS.

Exemptions —

- Applicant is a State, political subdivision, or the District of Columbia
- Applicant has been granted an exemption by the Regional Director (Compliance). Submit justification for the positions you wish to exempt. You must establish to ATF's satisfaction that the persons in these positions you wish to exempt do not participate in, nor exercise any control over, the management of the business as it affects the use of SDS.

Signature Authority — When a person, other than the sole owner of a business, signs a document to be filed with ATF, the applicant must provide evidence that the person is authorized to do so. Evidence of signature authority may be furnished by submitting:

- ATF Form 1534 (5000.8), Power of Attorney, for each person who will have signature authority (the Form 1534 itself must be signed by a person who is authorized to do so)

OR, in lieu of ATF 1534 (5000.8)

- Partnership — partnership agreement delegating authority to sign
- Corporation — ATF Form 5100.1, Signing Authority for Corporate Officials, if signature authority is granted in the articles of incorporation, the bylaws, or granted by a resolution adopted by the board of directors (the wording must be specific in granting authority to sign applications and other documents required to be filed with ATF in connection with SDS); or other evidence that the corporation has given signature authority to an individual or to an office

- State, county, or municipal agencies — Copies of resolutions, excerpts from ordinances or charters, or a statement submitted by the head of the department, bureau, or commission, designating the name or official title of the person or persons authorized to sign

Storage Facilities —

- Sufficient capacity to hold maximum quantity on hand at any one time
- Constructed and secured to prevent unauthorized access
- Stationary storage tanks must be equipped with a means for measuring spirits

Trade names —

- List of trade names under which operations will be conducted and the states where the names are registered

OR

- Statement that the State does not require registration or approval of trade or fictitious name

Formula or Process for SDS (Users, Bottlers, and Reprocessors) —

- File ATF Form 5150.19, Formula for Article Made with SDA or SDR
- Do not file ATF Form 5150.19 for articles made in accordance with an approved General-Use formula
- Do not file ATF Form 5150.19 for SDA formulas 3A, 3C and 30, if used exclusively for laboratory and mechanical purposes not involving the development of a product

Samples — If you need a sample of SDS in excess of 5 gallons to determine if a permit is desired, file a letterhead application with the regional director (compliance) of your region, describing why the requested quantity is necessary.

Stills —

- List all stills used for recovery or redistillation of alcohol (including SDS) on ATF Form 5150.22, Application for Industrial Alcohol User Permit

Environmental Protection —

- File ATF Form 1740.1, Environmental Information
- File ATF Form 1740.2, Supplemental Information on Water Quality Considerations
- Obtain a State certification or waiver for any discharge into navigable waters and file with ATF Form 1740.2

Right of Entry and Examination — Under the law, ATF officers may enter your premises during regular business hours to inspect records and reports and take samples of products in order to ensure compliance with the law and regulations.

Approved Applications

When your application is approved, you will receive:

- An industrial alcohol use permit designating the activities permitted and the limitations imposed, if any. You may make copies of your permit to show suppliers that you are eligible to withdraw SDS. Each copy must be marked with the word "copy," manually signed, and dated, with the date of your signature. When you are not using your permit to make copies, it must be kept posted, available for inspection on the premises covered by the permit.
- A copy of your application and supporting data which, along with all records, must be kept readily available for inspection by ATF officers

References

Regulations for distribution and use of SDA and SDR are found in 27 CFR Part 20. Formulas for SDA and SDR are listed in 27 CFR Part 21. Copies of the Code of Federal Regulations (CFR) are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402

FOR FURTHER INFORMATION CONTACT:

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Department of the Treasury
Bureau of Alcohol, Tobacco and Firearms
Washington, D.C. 20226

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